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Telecom

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January 29, 2004

Strategic Accomplishments

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Consumer & Small Business
- *Launched Freedom Bundles*
- *Enhanced DSL product offerings & deployment*

Enterprise
- *Introduced national packet & optical products*

Wholesale
- *Increased flow through & channel efficiency*

Aggressive Cost Reductions
- *Reached new 5 year labor agreement*
- *Force reductions of over 22,000*

Cash Generation
- *Reduced capital expenditures over $1.2B*
- *Generated $12B in CFFO & over $5B in FCF*

Executing the business model

Long-Term Leadership

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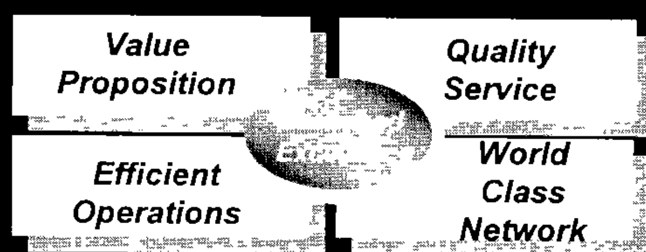
- *Enhancing the value proposition*
- *Transforming the network*
- *Improving the efficiency of the business*
- *Focusing on service*



Creating value through operational excellence

Value proposition

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Simplicity
- Easy to understand price plans
- Flat rate pricing
- Unlimited service plans & billing

Convenience
- Bundles/packages
- Ability to utilize multiple touch points
- Single provider

Converged services and platforms
- Bandwidth & speed
- Broadband/VoIP
- Wireline and Wireless

Reliability
- Trusted brand name
- Network quality
- Responsive customer support

Transforming the customer relationship

GROWTH INITIATIVES

Total Consumer Packages

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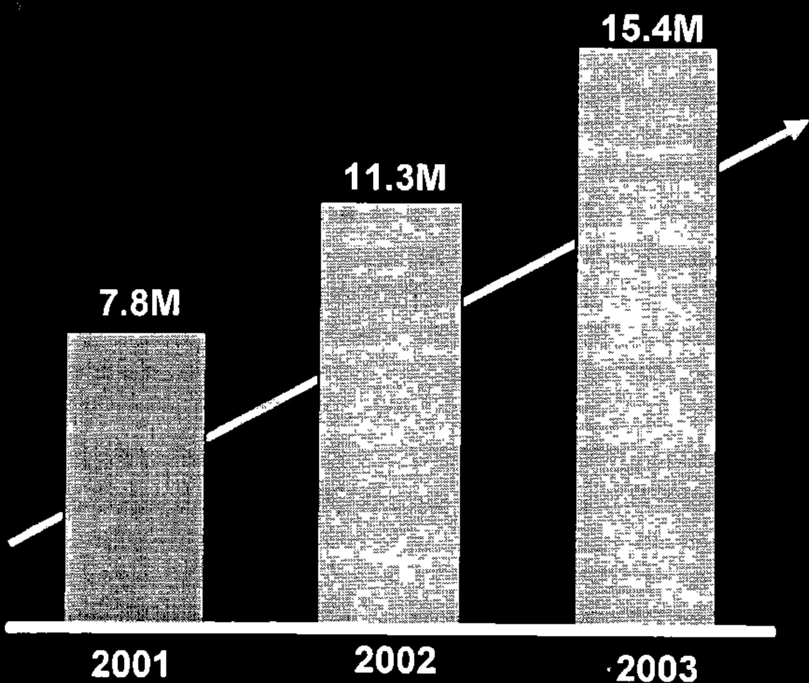
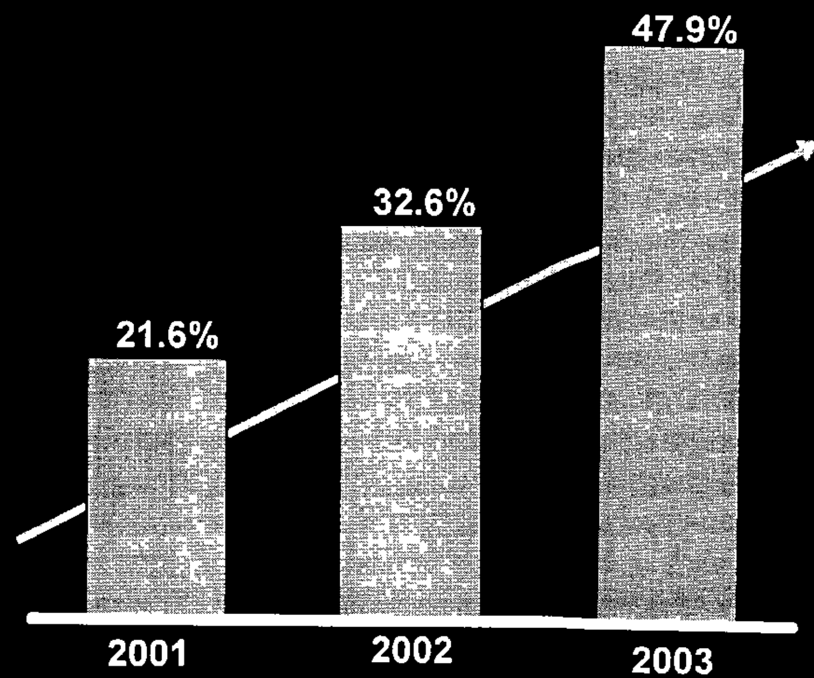
Consumer Packages

(Includes any combination of Freedom, LD, DSL & Wireless)



Package Penetration %



Strong growth

GROWTH INITIATIVES

Long Distance

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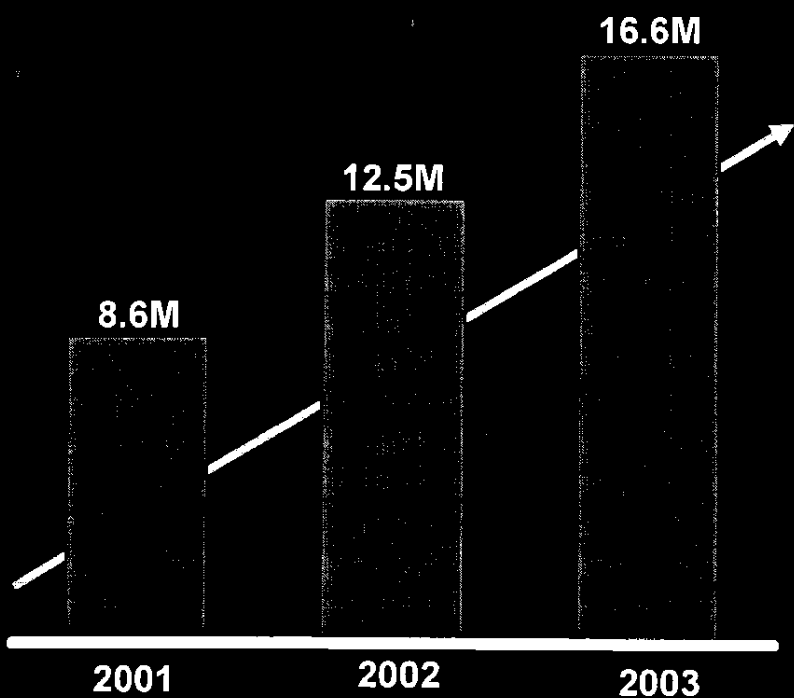
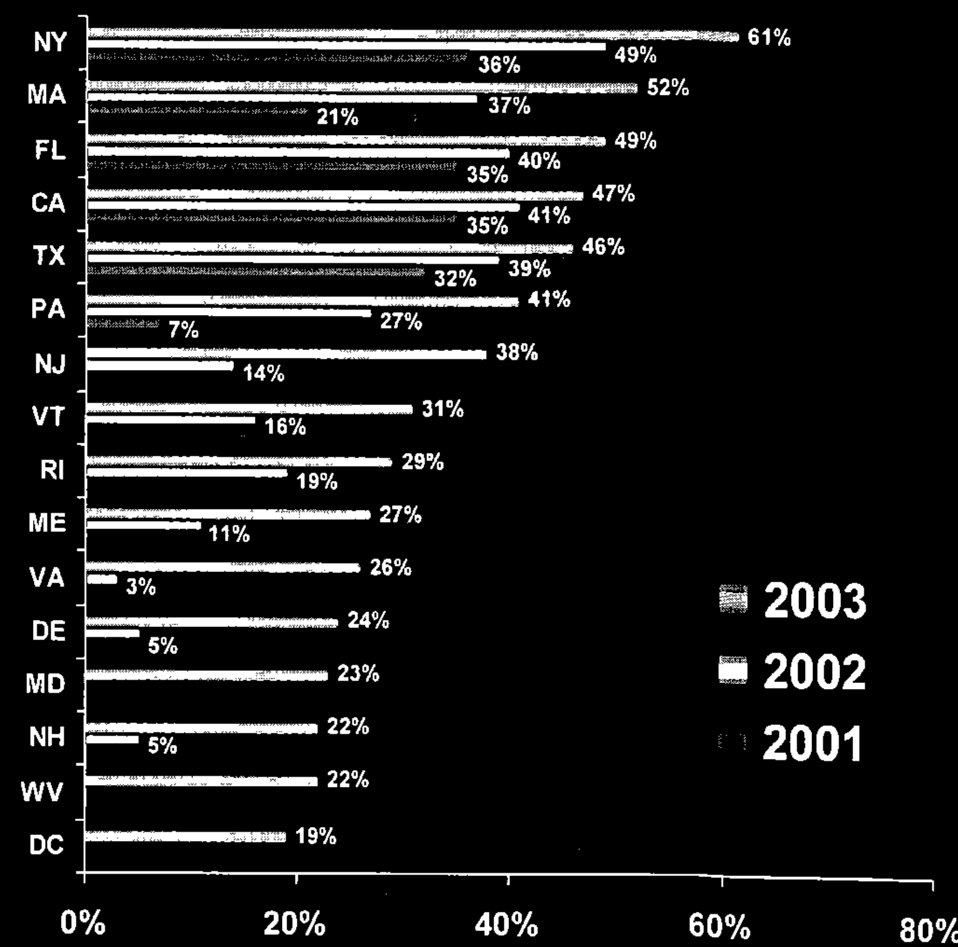
Lines in Service



Consumer LD Line Penetration of VZ Switched Access Lines

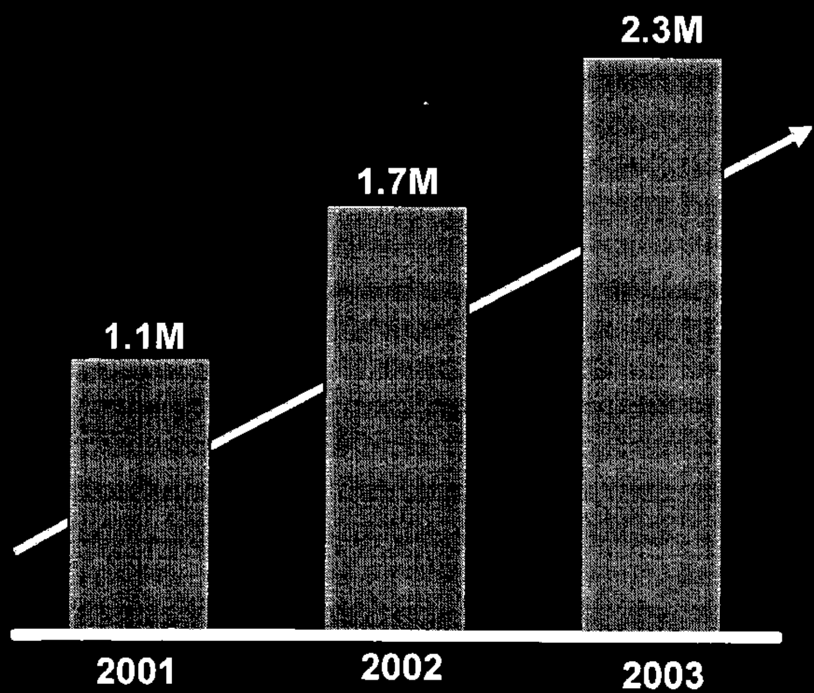


#2 In-franchise & growing

GROWTH INITIATIVES

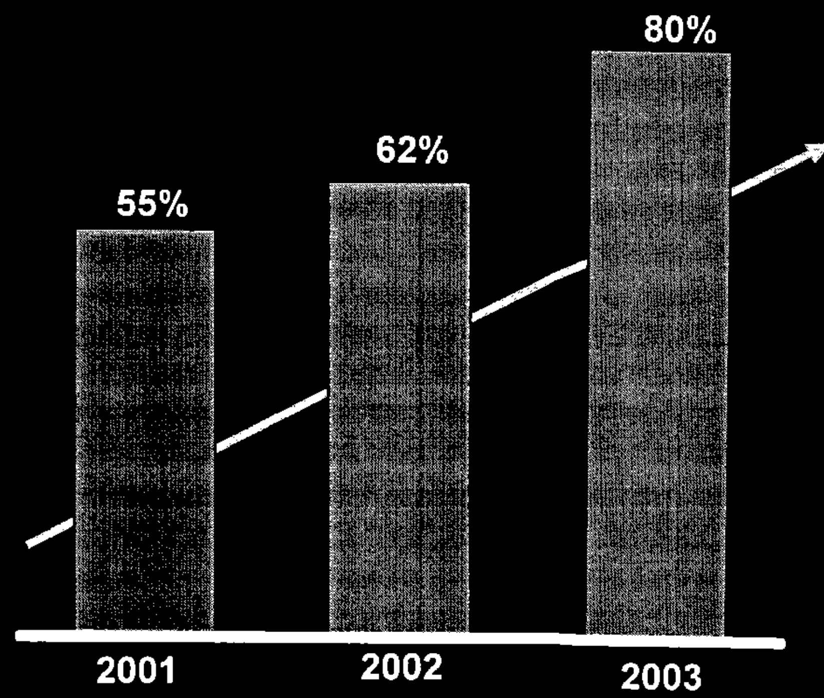
DSL

Lines in Service



% of lines

DSL Loop Qualified



Increasing addressable market

COMPETITIVE RESPONSE

New Services - 2004

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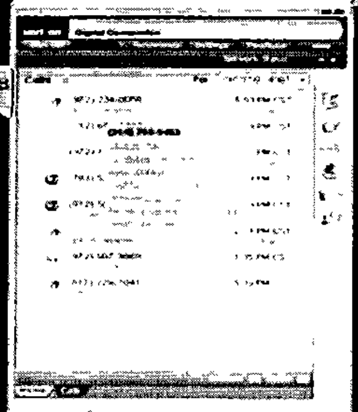
iobi



VoIP

DSL

verizon with msn

DIRECTV®

FTTP

Building on our brand, network, scale & scope

Key Execution Areas for 2004

Drive increased DSL penetration

Drive LD penetration

Enhance bundles & increase package penetration

- *DSL w/ MSN 9.0*
- *Drive wireless bundles & one bill nationally*

Provide competitive alternatives

- *Deliver Verizon with DIRECTV*
- *Rollout VoIP*

Differentiated products & services

- *iobi*
- *FTTP*
- *Verizon One*
- *Encore Service Centers*

Leverage the brand

Key Execution Areas for 2004

Continued expansion of market coverage

Drive Freedom bundle penetration for DSL & LD

Data focus across market

Rollout VoIP

Aggressive winback focused on top tier customers

Increase proactive touches across base

Value Proposition

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Integration across all service level platforms

End-to-end network management

Broad based network convergence with high reliability & redundancy

Migration to IP without CPE change - out

State of the art operational interface

Competitively priced alternative

Building off core products & services

COMPETITIVE RESPONSE

Enterprise Convergence

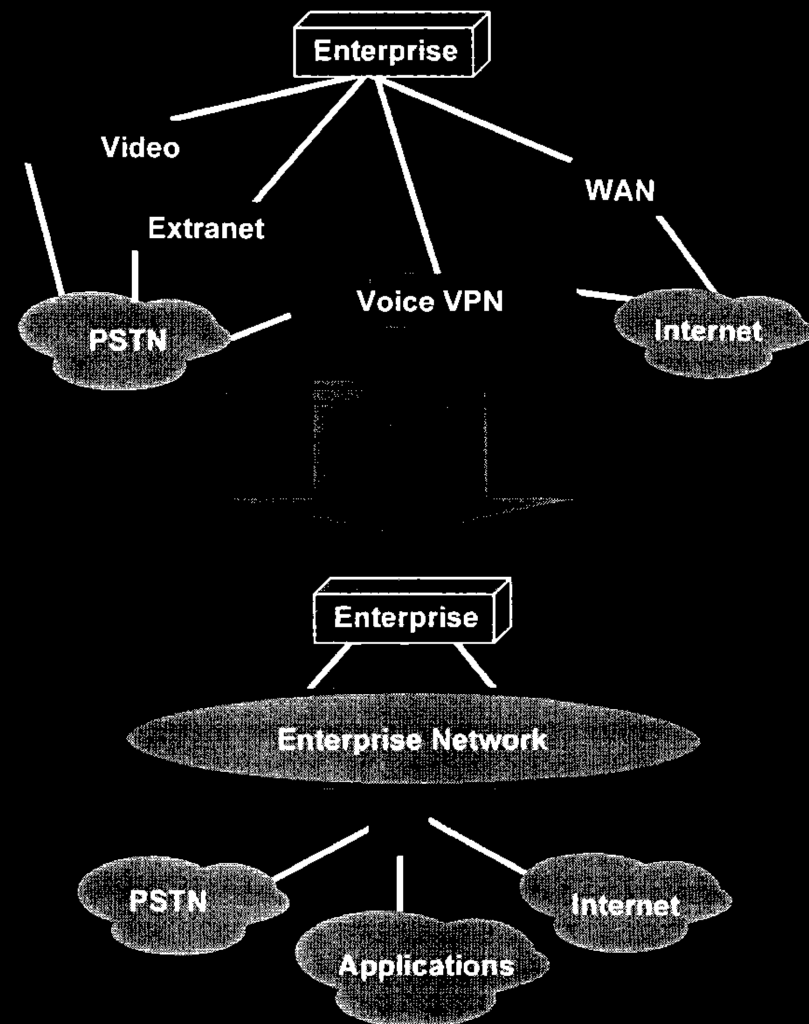
Migration of multiple enterprise networks onto a single enterprise multi-service network

Convergence occurs in three primary areas:

- *Premise*
- *Access*
- *WAN*

Enterprise Advance positions VZ for leadership in Access and WAN

Convergence, including VoIP, creates more opportunity than threat for Enterprise



History of efficiency & reliability

Enterprise Products

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Voice

- *Strong growth in in-region share - from 32.8% to 34.2%*
- *CPE market share is growing*

Data

- *Market share continues to grow both in region & nationally*
- *Fast packet expansion from regional to national*
- *CPE market share is growing*

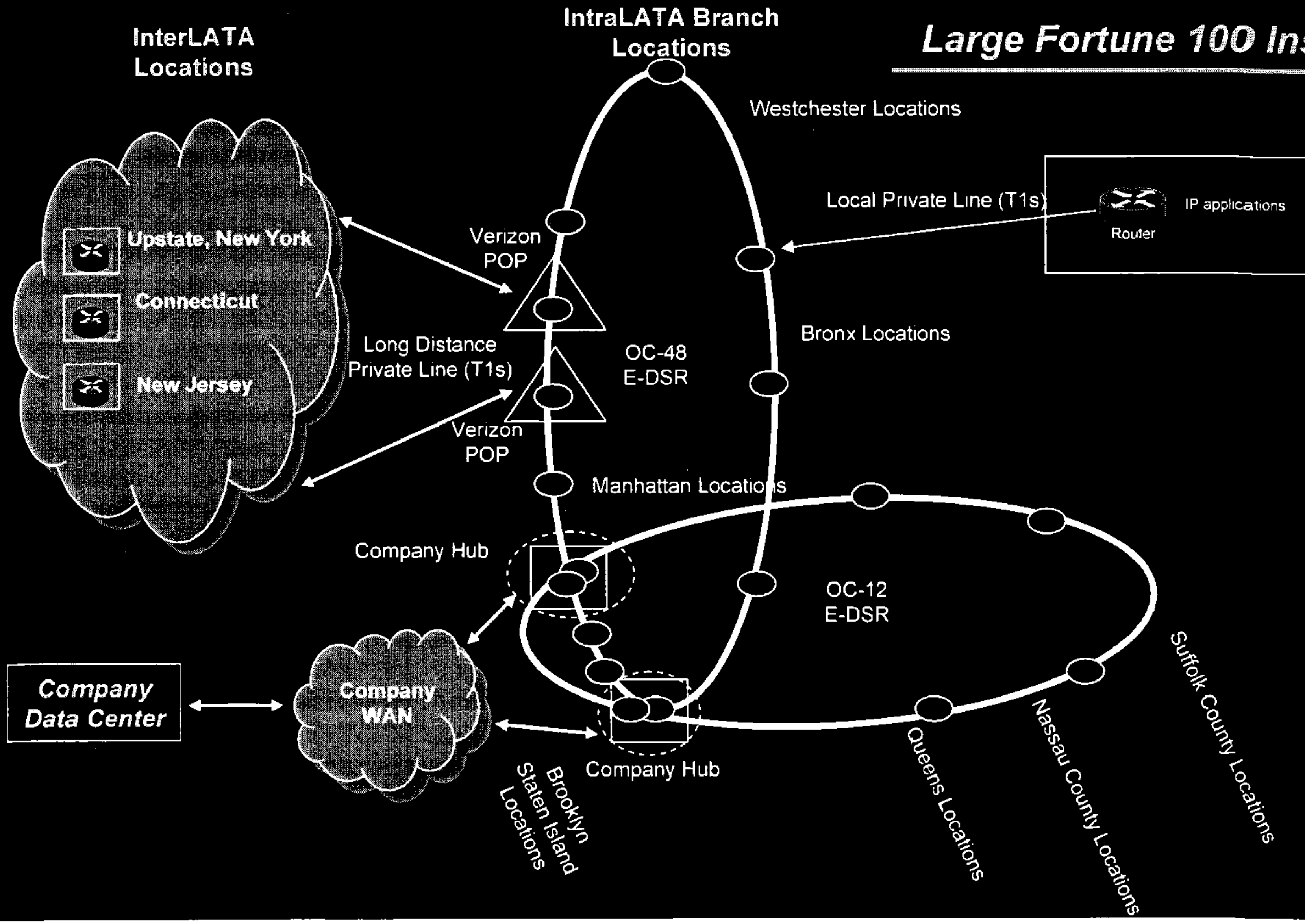
Enterprise Advance

- *Complete EA backbone*
- *State of the art operational interface & Single Point of Accountability*

ENTERPRISE ADVANCE

Customer Profile

Large Fortune 100 Institution



Key Execution Areas for 2004

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- Enterprise Advance revenue - $250M in '04
- Enterprise Advance Product Initiatives
  - IP-VN/MPLS launch - 2Q'04
  - VON Enhancement - 3Q'04
  - Managed Enterprise VoIP Services - 4Q'04

- Drive core volumes
- Continue CPE focus… "Own the Edge"
- Improve account coverage
- Continued deployment of flow through & process automation

Grow revenue & market share by enhancing Marketing, Sales & Service capabilities.

Value Proposition

High Cap Switched & Specials

- *Broad coverage of high capacity access*
- *High level of performance & delivery*
- *High reliability & recovery*
- *Efficient interface*
- *Cost point that incents customers to lease vs. build*

Unbundled elements & platforms

- *Parity*
- *Efficient delivery*

Efficiency & reliability

Wholesale Market Leadership

High-margin private line, special & switched access

- *Market leader for unit share & revenue share for special access*
- *Major provider of backbone network management services*
- *Over 85% of special access revenue under term plan*
- *Significant growth in wireless access market*
- *Improve service delivery, intervals & due dates*

Unbundled Network Elements

- *Industry leader in automation & flow through*

Key Execution Areas for 2004

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High-Cap Services

- Grow special access units
- Minimize conversion to UNE
- Maximize switched access revenue
- Improve customer desired due date performance
- Improve mean time to restore
- Increase flow through

Local

- Continue TRO Appeal
- Maximize revenue per unit
- Consider commercial agreements
- Improve performance metrics
- Increase flow through

Provider of choice

Tomorrow's Network

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	Access	Transport	Switching
Market Requirements	*Flexibility and reliability Quality of Service Lower Unit Price*	*Increased bandwidth Redundancy & Reliability Lower Unit Price*	*Flexibility with reliability Interoperability Lower Unit Price*
Network Strategy	*Greater DSL availability High capacity on demand at the Enterprise level Converged access for General Business market Two-way high bandwidth availability Launch FTTP*	*Must interoperate between different networks Build facilities & network operations centers Allows expansion in the Enterprise market*	*Deploy next generation packet technology with multiple purpose design Add new services (VoIP) Widely deploy IP for growth & replacement More aggressive replacement of local switches*

Increased bandwidth drives product innovation

FTTP Architecture

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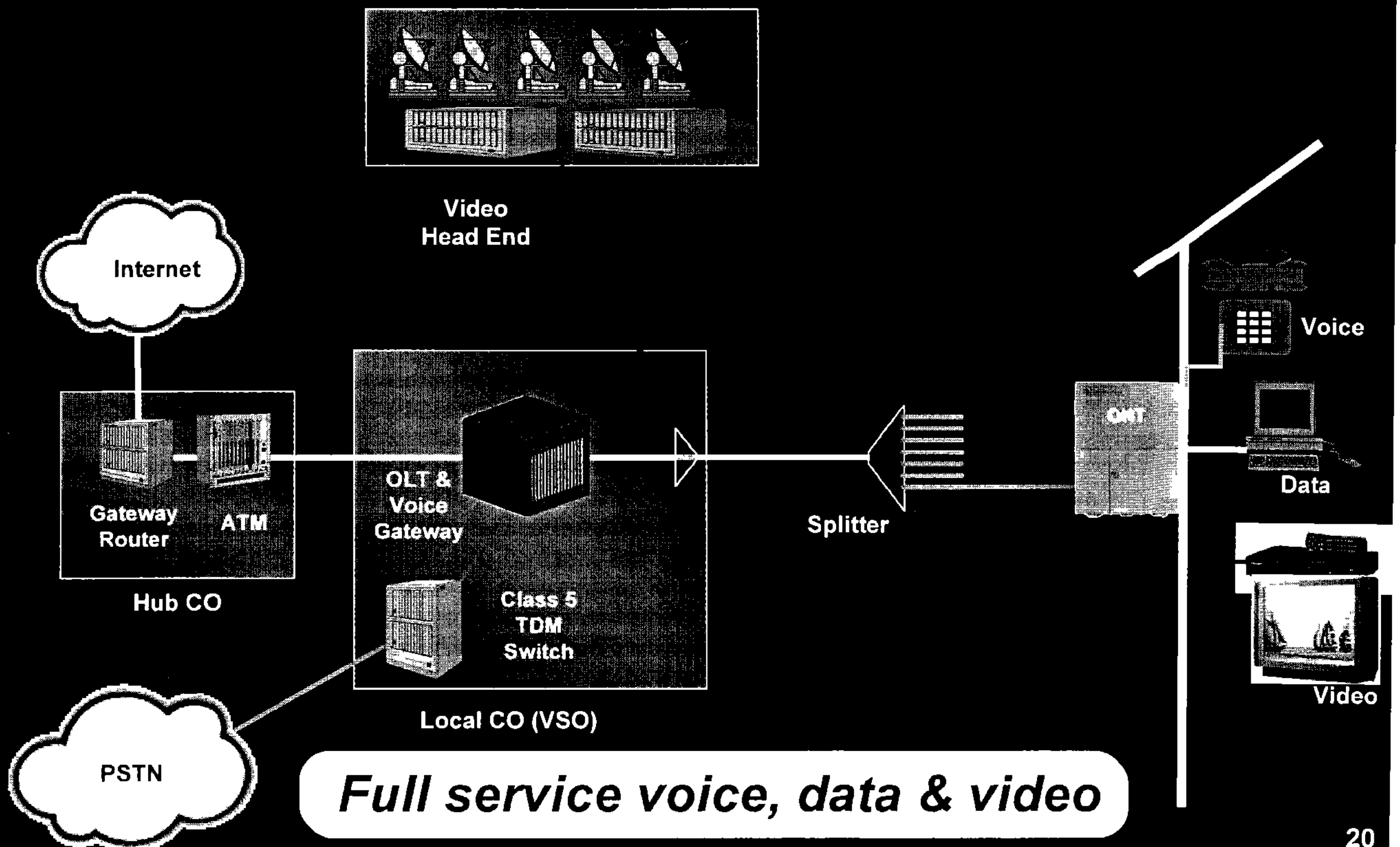
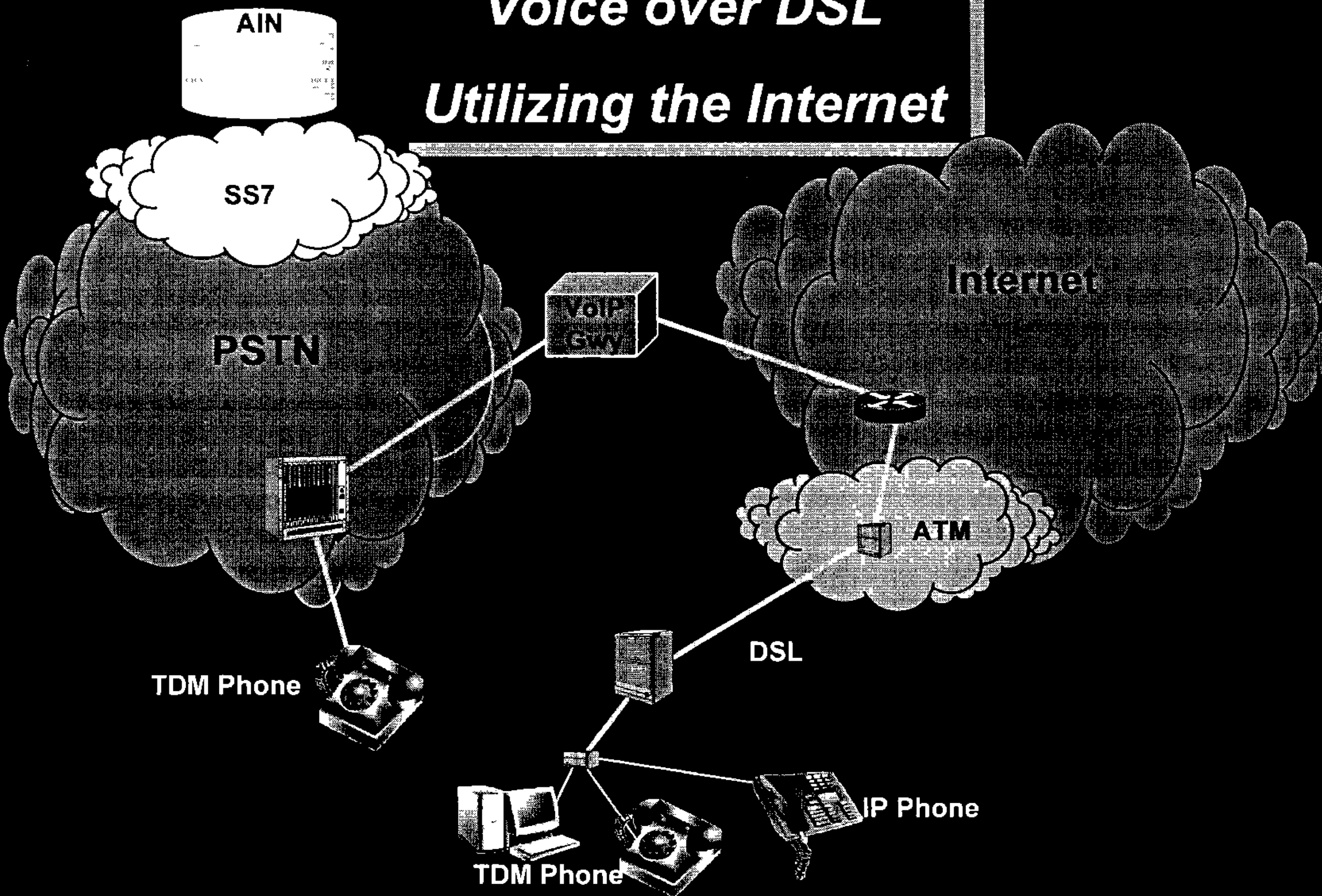


Full service voice, data & video

The Move to Packet Telephony

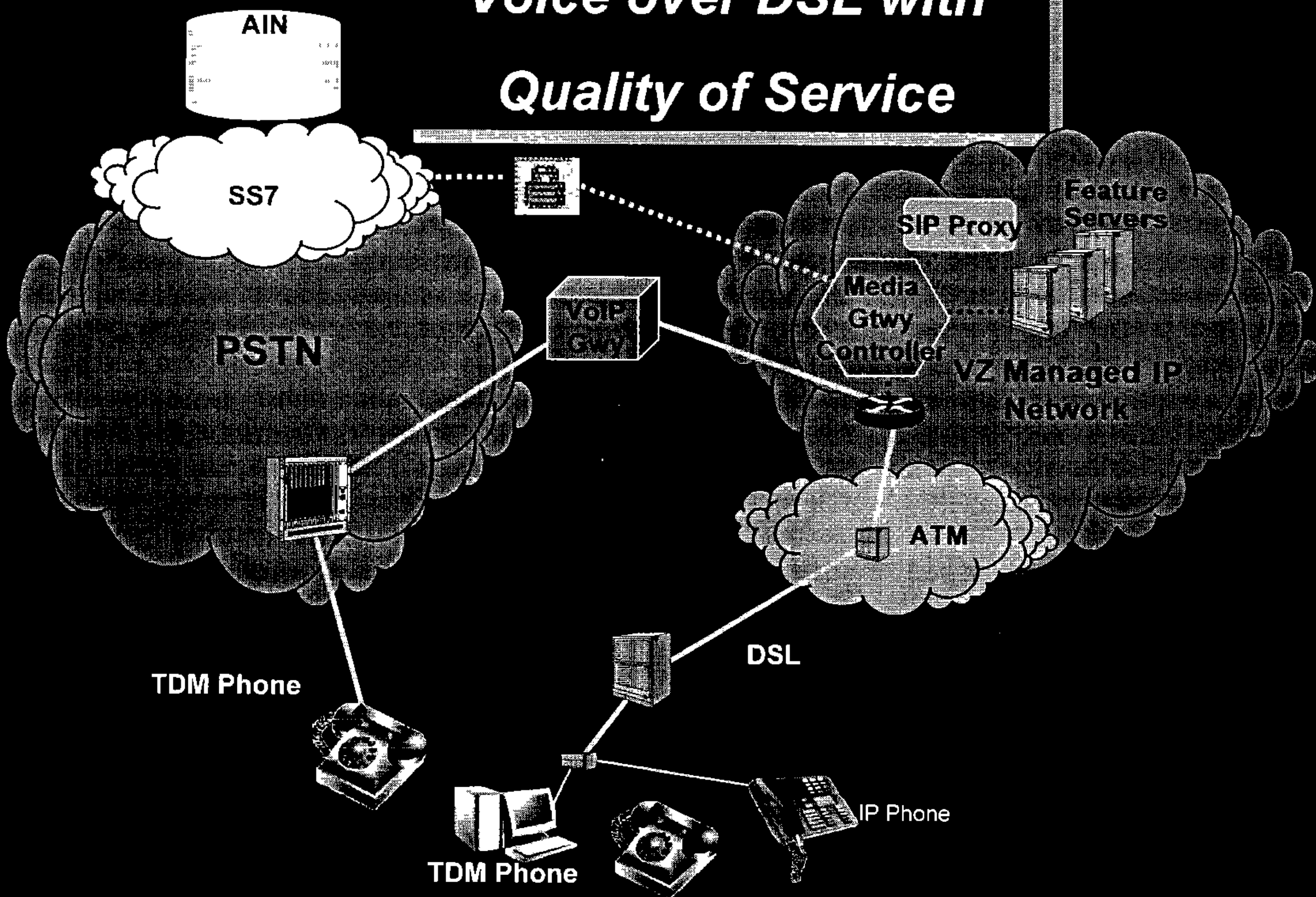
Voice over DSL
Utilizing the Internet



2004 NETWORK INITIATIVES

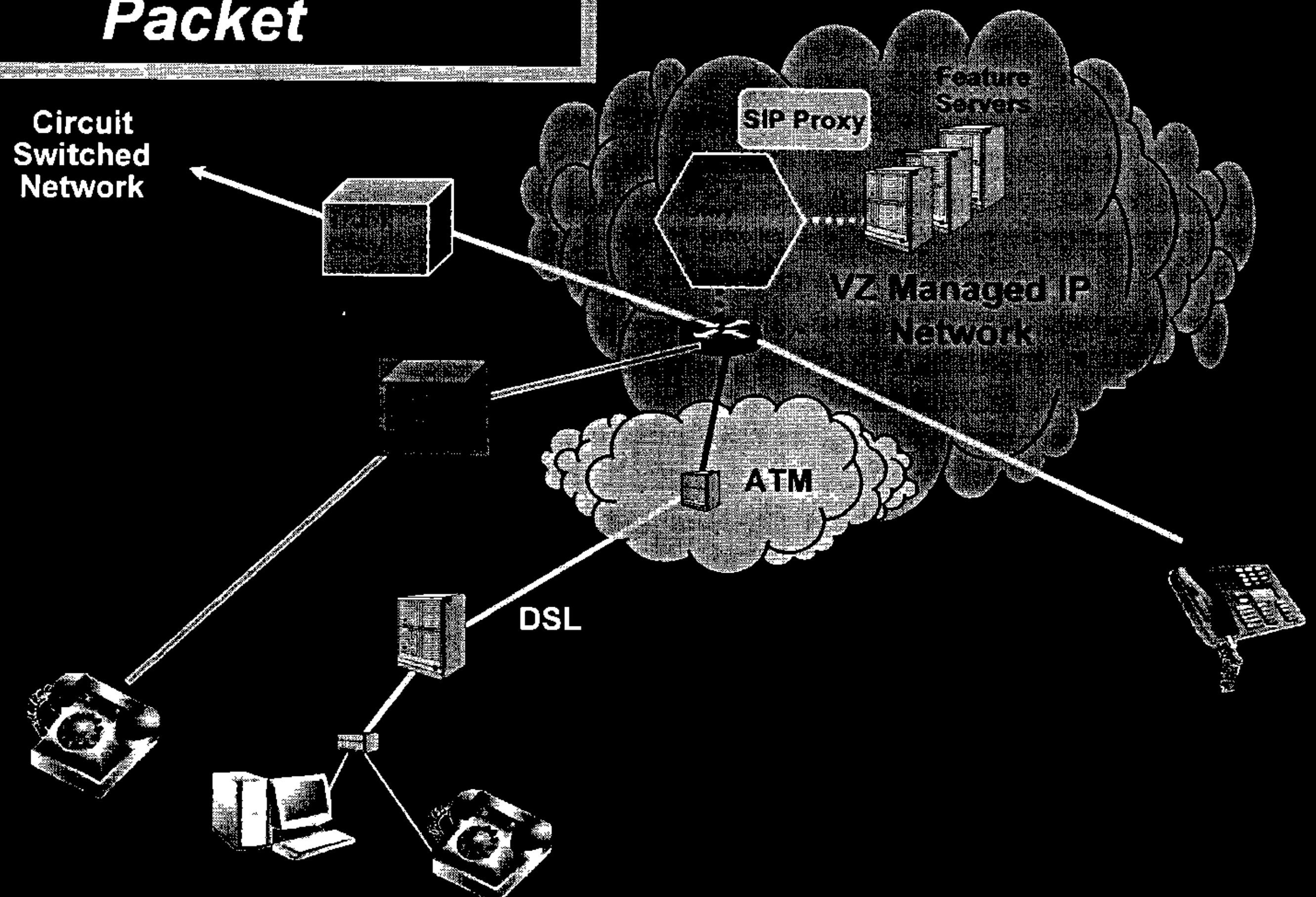
The Move to Packet Telephony

Voice over DSL with Quality of Service



The Move to Packet Telephony

Local Switch Replacement with Packet



Data Network Architecture

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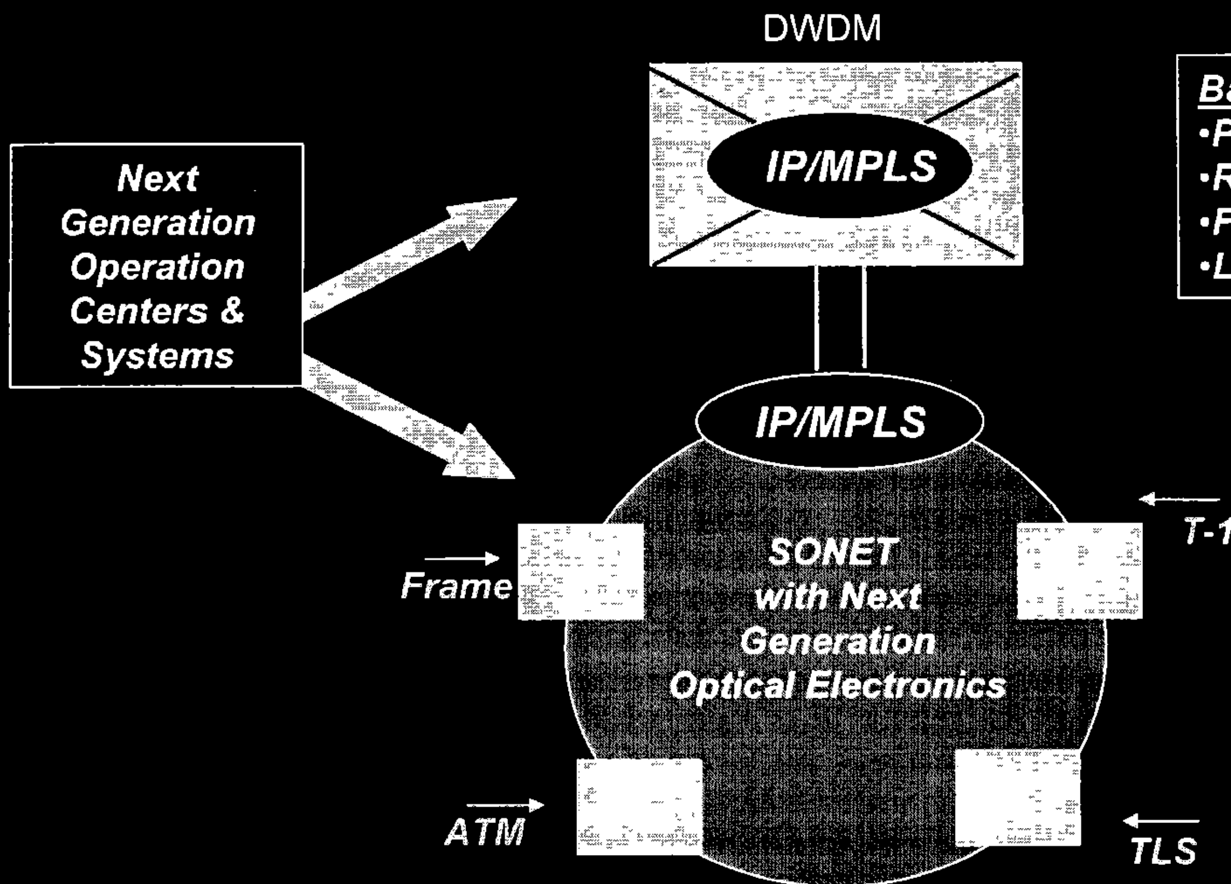

Backbone
- Performance
- Reliability
- Flexible Capacity
- Low Unit Cost

METRO
- Interoperability
- Multiple Protocol
- Interfaces
- Existing & New CPE

Key Execution Areas for 2004

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Broadband Access to Every Customer (Access Network)	Packet/IP Presence in Every Area (Switching/Control Network)	National Next Generation Data Network (Transport/Data Network)
Expand DSL availability by 7M lines Pass 1M homes with FTTP Deploy multifunction capabilities for General Business Expand business optical network & pre-position over 250 new offices Lower maintenance cost	Install Packet/IP tandems & double LD voice capacity Install IP/PBX capability in major metro areas Install local Packet/IP switches Introduce iobi communications portal	Deploy IP/MPLS core capability in 4Q Enable 28 LATAs for IP-VPN and InterLATA TLS Implement state-of-the-art NOC and systems 9 new POPs in major MSAs

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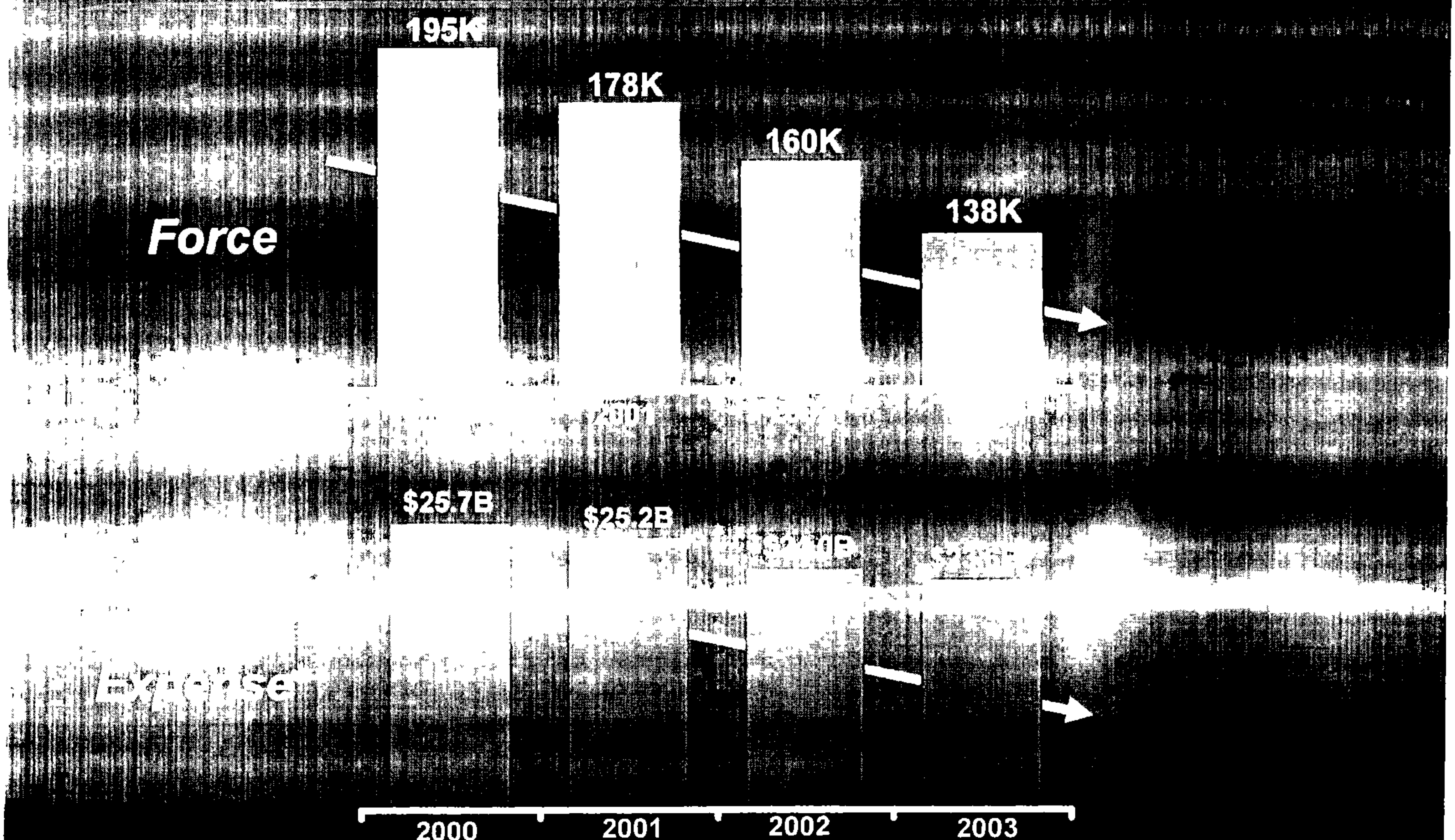
Analyst Day

John Killian

January 29, 2004

Cost Structure Transformation veri on



* Amounts exclude SFAS 87/106

Cash Costs

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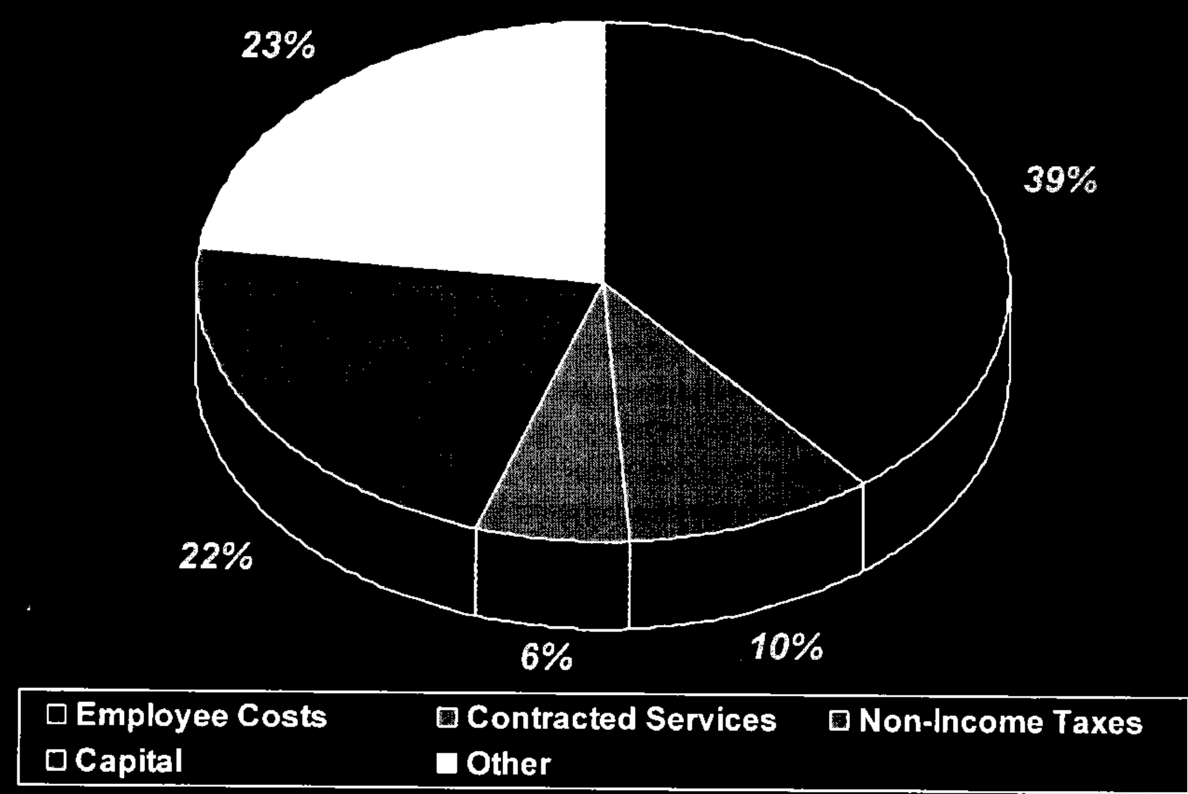
2003
Cash Costs - $30B



Opportunity is large

Strategy

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Drive Optimum Mix of Customer Self Service

- *VZ.com*
- *Self-service*
- *Voice portals*
- *B2B trouble management - touchless*

Focus Automation Efforts on Internal Processes

- *Advanced mobile computing and GPS for field forces*
- *Wholesale provisioning*
- *National desktop*

Cost Reduction Strategies

Drive Additional Synergies in Key Support Functions

- *Real estate consolidations & dispositions*
- *Vendor standardization*
- *Selective use of external/offshore resources*
- *Travel/conferencing*

Continued Headcount Reductions

- *Productivity initiatives*
- *Work elimination - dispatch declines*
- *Call center consolidations*

$2 - $3 billion over next 3 years

Increased Efficiencies

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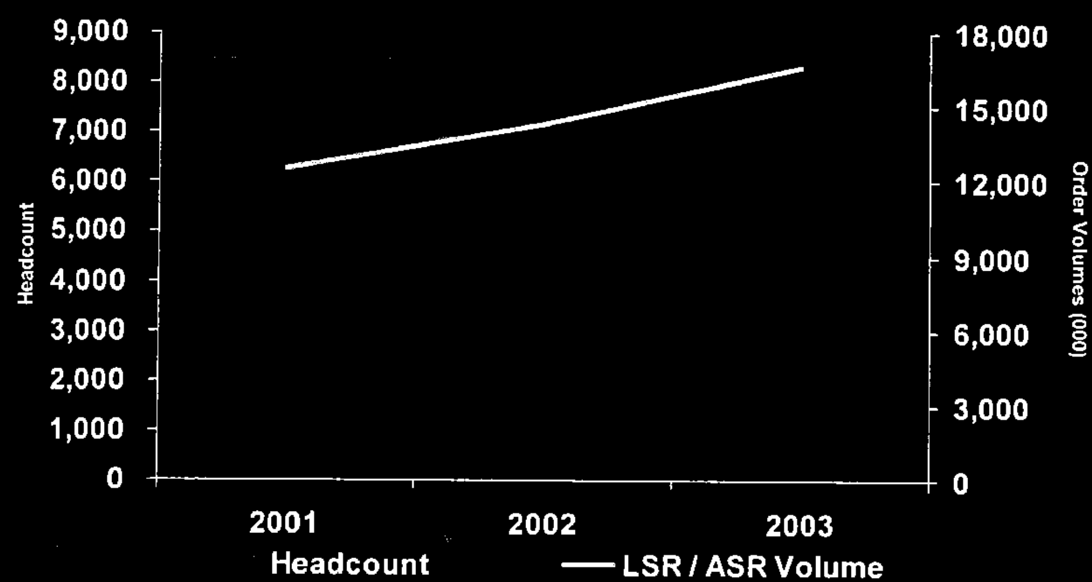
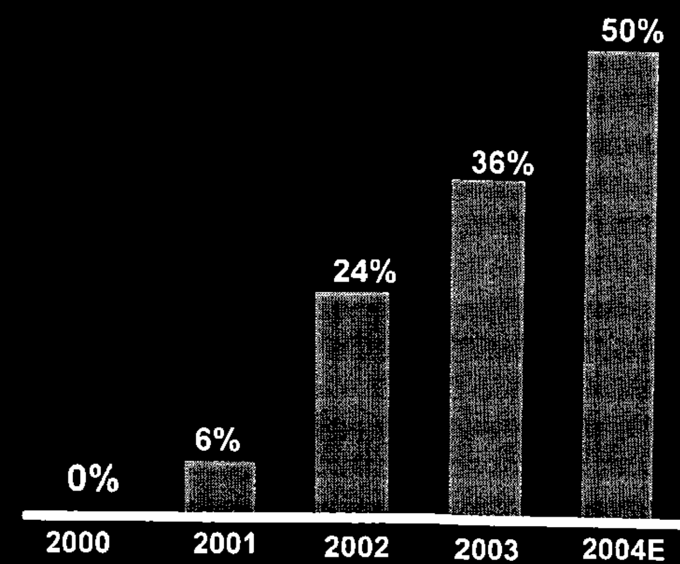
Handle increasing volumes while lowering costs



Access Service Order Flow Through



Bottom line in 2004: Eliminate 20% of Local off line & center work, improve Access Flow Through to 50%

CONSUMER MARKETS

Retail self-service initiatives

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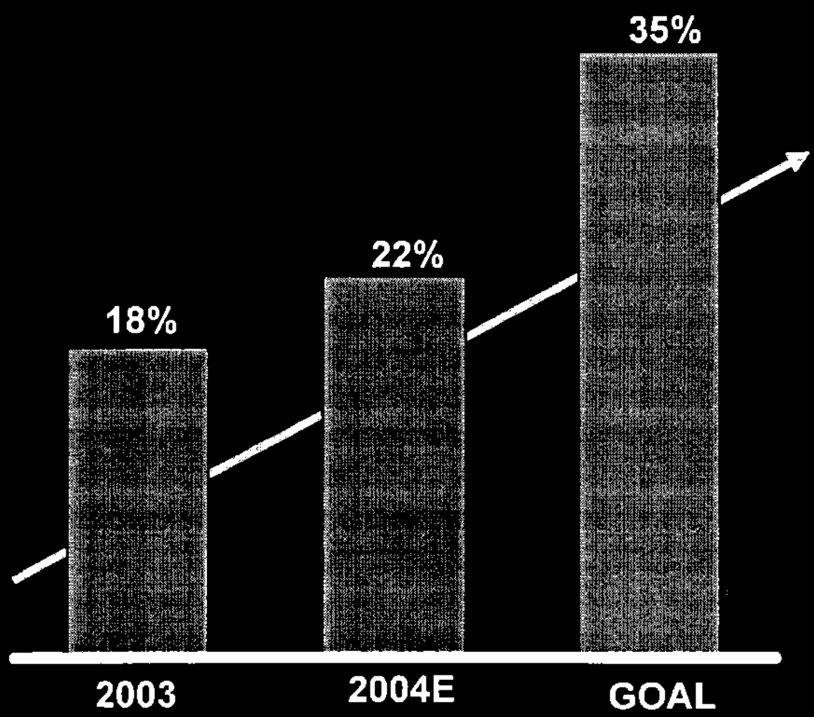
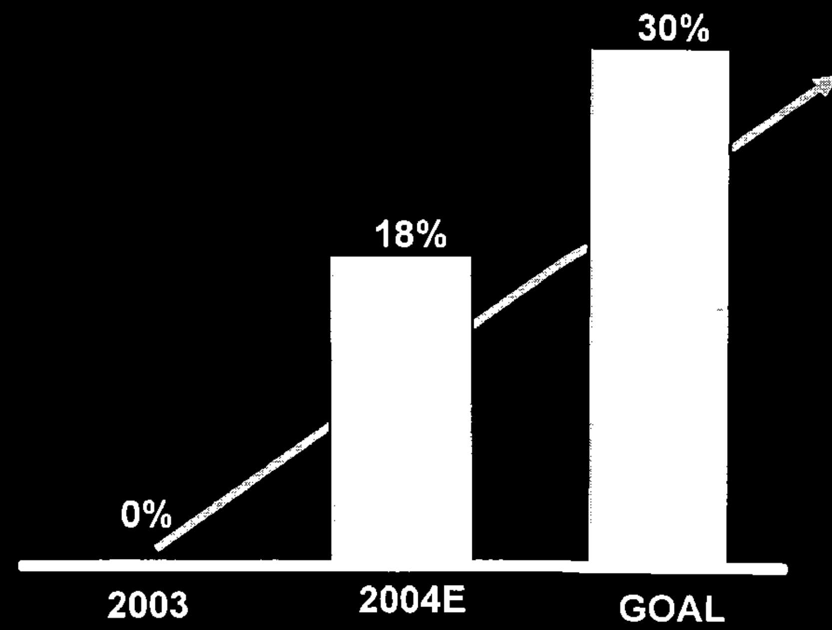
Retail Sales & Service Centers



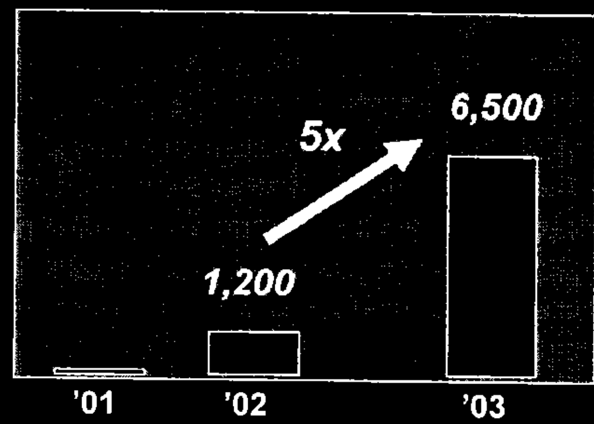
Directory Assistance



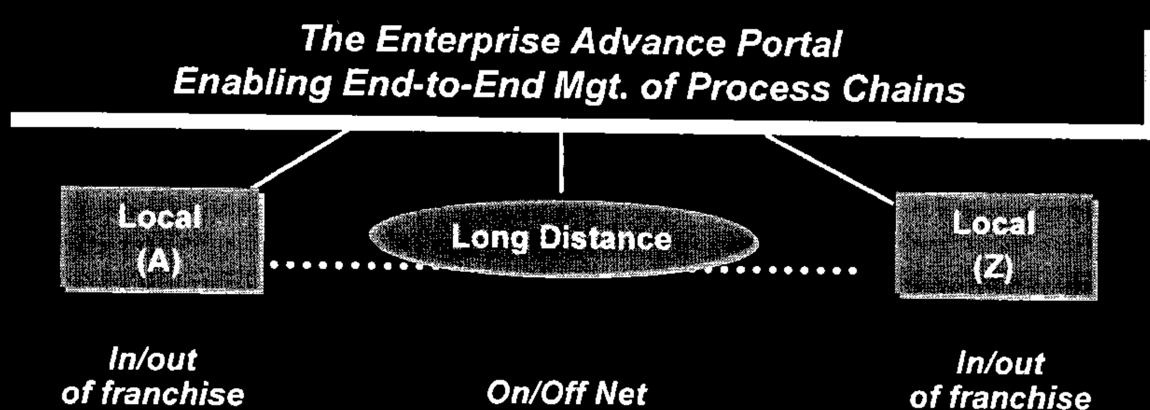
Leveraging our systems

B-to-B Platforms

Retail Enterprise Customers Online



Frame/ATM
IP-VPN/Gig-E
T1/T3/SONET

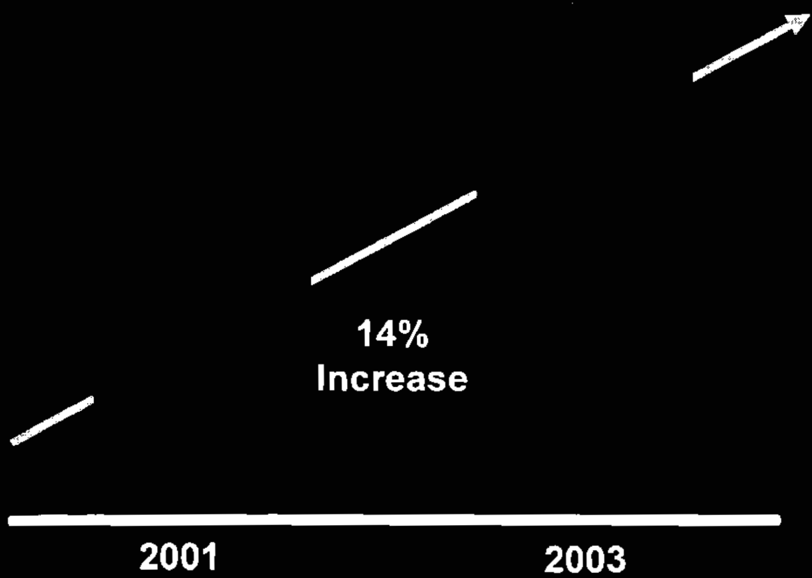


Streamlined delivery of complex products

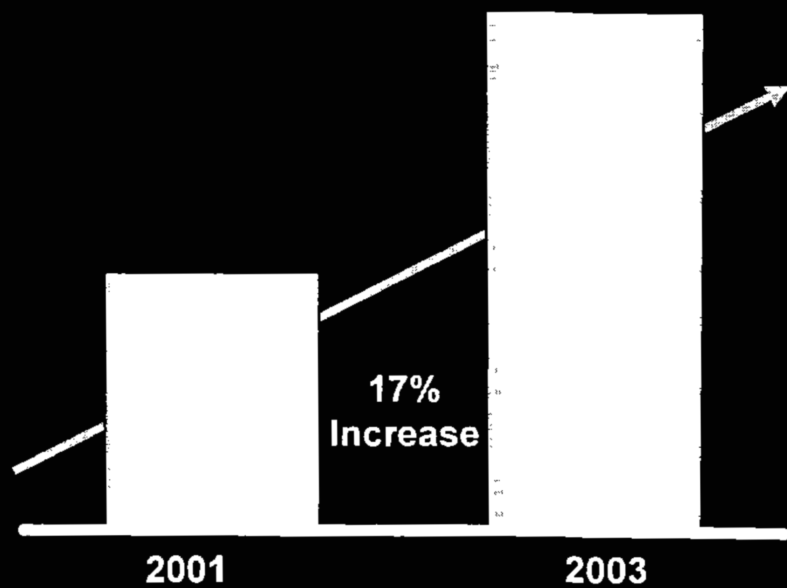
COST MANAGEMENT

Field Force Productivity Initiatives

Repair Jobs Per 8 Hour Day



Installation Jobs Per 8 Hour Day



Continued success in improving productivity

Funding Growth

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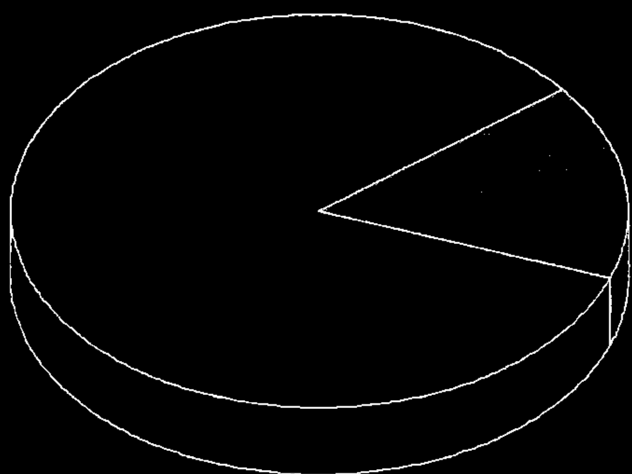
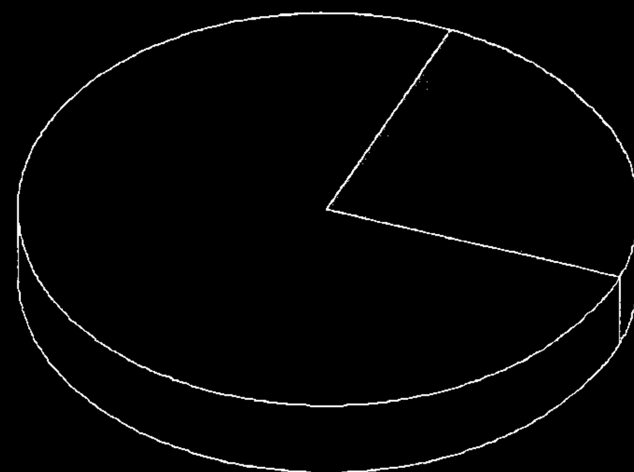
2003
$6.8B



16%
Growth
Businesses

2004E
$6.5B - $7.0B



24%
Growth
Businesses

Strategically allocate resources

Key Execution Areas in 2004

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Strong focus on margin stability

Aggressively control cash costs driving operational efficiency

Improve profitability of growth businesses: LD, EA, and DSL

Continue reallocation of resources to growth business

Continue strong free cash flow generation

Strong cash focus continues

Summary

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Continued growth in DSL, LD

Improve market share in Enterprise Advance

Stability in the wholesale markets

Overall improvement in revenue picture

Improved cost structure

Consistent capital program

Continued cash generation

Margin stability

Continuing the transformation

"Safe Harbor" Statement

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NOTE: This press release contains statements about expected future events and financial results that are forward-looking and subject to risks and uncertainties. For those statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. The following important factors could affect future results and could cause those results to differ materially from those expressed in the forward-looking statements: the duration and extent of the current economic downturn; materially adverse changes in economic and industry conditions and labor matters, including workforce levels and labor negotiations, and any resulting financial and/or operational impact, in the markets served by us or by companies in which we have substantial investments; material changes in available technology; technology substitution; an adverse change in the ratings afforded our debt securities by nationally accredited ratings organizations; the final results of federal and state regulatory proceedings concerning our provision of retail and wholesale services and judicial review of those results; the effects of competition in our markets; our ability to satisfy regulatory merger conditions; the ability of Verizon Wireless to continue to obtain sufficient spectrum resources; and changes in our accounting assumptions that regulatory agencies, including the SEC, may require or that result from changes in the accounting rules or their application, which could result in an impact on earnings.

This presentation includes certain non-GAAP financial measures as defined under SEC rules. As required by those rules we have provided a reconciliation of those measures to the most directly comparable GAAP measure in materials on our website at www.verizon.com/investor.